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August 28, 2006

Judy M. Cooper
Director, Regulatory Services
Columbia Gas of Kentucky, Inc.
2001 Mercer Road
P. O. Box 14241
Lexington, KY 40512-4241

CERTIFICATE OF SERVICE

RE: Case No. 2006-00366
Columbia Gas of Kentucky, Inc.

I, Beth O'Donnell, Executive Director of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the addressee by U.S. Mail on August 28, 2006.

A handwritten signature in black ink, appearing to read "Beth O'Donnell", written over a horizontal line.

Executive Director

BOD/jc
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

| | | |
|-------------------------------|---|---------------------|
| NOTICE OF PURCHASED GAS |) | |
| ADJUSTMENT FILING OF COLUMBIA |) | CASE NO. 2006-00366 |
| GAS OF KENTUCKY, INC. |) | |

O R D E R

On December 13, 2002, in Case No. 2002-00145,¹ the Commission approved rates for Columbia Gas of Kentucky, Inc. ("Columbia") and provided for their further adjustment in accordance with Columbia's gas cost adjustment ("GCA") clause.

On July 31, 2006, Columbia filed its proposed GCA to be effective August 29, 2006. On August 18, 2006, Columbia filed its revised GCA still to be effective August 29, 2006.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Columbia's notice includes rates designed to pass on to its customers its expected change in wholesale gas costs.
2. Columbia's revised expected gas cost ("EGC") is \$10.0239 per Mcf, a decrease of 67.96 cents per Mcf from its last EGC of \$10.7035.
3. Columbia's notice sets out a rate for Banking and Balancing Service of 2.05 cents per Mcf.
4. Columbia's notice sets out no take-or-pay refund adjustment.
5. Columbia's notice sets out no transportation take-or-pay refund adjustment.

¹ Case No. 2002-00145, Adjustment of Gas Rates of Columbia Gas of Kentucky, Inc., Order dated December 13, 2002.

6. Columbia's notice sets out no current quarter refund adjustment ("RA"). Columbia's notice sets out a total RA of (1.32) cent per Mcf, which is no change from the prior RA.

7. Columbia's notice sets out an annual actual cost adjustment ("ACA") of (\$1.6671) per Mcf, which is a decrease of 96.38 cents per Mcf from the previous rate.

8. Columbia's notice sets out a balancing adjustment ("BA") of .06 cent per Mcf, which is an increase of .32 cent per Mcf from the previous rate.

9. Columbia's notice sets out a Special Agency Service refund adjustment of (.02) cent per Mcf, which is a decrease of .01 cent per Mcf from the previous rate.

10. Columbia's notice sets out a Gas Cost Incentive Adjustment ("Incentive") of 2.30 cents per Mcf, which is no change from the previous rate.

11. Columbia's approved gas cost recovery rate ("GCR") is \$8.3670 per Mcf, which is \$1.6403 per Mcf less than its previous GCR of \$10.0073.

12. The rates in the Appendix to this Order are fair, just, and reasonable, and should be approved for billing with the final meter readings of the first billing cycle of September 2006, beginning on August 29, 2006.

IT IS THEREFORE ORDERED that the rates in the Appendix to this Order are approved for billing with the final meter readings beginning on August 29, 2006.

Done at Frankfort, Kentucky, this 28th day of August, 2006.

By the Commission

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2006-00366 DATED August 28, 2006.

The following rates and charges are prescribed for the customers in the area served by Columbia Gas of Kentucky, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

Gas Cost Recovery Rate

The total Gas Cost Recovery Rate shall be \$8.3670 per Mcf effective August 29, 2006.